

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03  
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05  
EB-08 COME-00 DHA-02 IO-13 ACDA-07 OES-06 EUR-12  
ERDA-05 AGRE-00 /114 W  
-----110259Z 117334 /14

P 102030Z MAR 77  
FM AMCONSUL SAO PAULO  
TO SECSTATE WASHDC PRIORITY 0000  
INFO AMEMBASSY BRASILIA PRIORITY

S E C R E T SECTION 1 OF 2 SAO PAULO 0578

E.O. 11652: GDS  
TAGS: PINT, BR  
SUBJ: SAO PAULO GOVERNOR'S COMMENTS ON US-BRAZILIAN RELATIONS

REF: 76 SAO PAULO 2787

1. CONSUL GENERAL CALLED ON SAO PAULO GOVERNOR, PAULO EGYDIO MARTINS, MARCH 10 IN ACCORDANCE WITH LONG SCHEDULED APPOINTMENT TO CONFIRM GOVERNOR'S INVITATION TO SECRETARY KREPS OR OTHER HIGH RANKING U.S. OFFICIAL TO STAY AT THE GOVERNOR'S OFFICIAL RESIDENCE DURING THE INAUGURATION OF THE US TRADE CENTER IN SAO PAULO MAY 16. GOVERNOR CONFIRMED HIS INVITATION AND AGREED TO RESERVE SUBSTANTIAL PORTION OF MAY 16 FOR PARTICIPATION IN THIS IMPORTANT EVENT IN US-BRAZILIAN BI-LATERAL RELATIONS.

2. GOVERNOR, WHO WAS MORE SERIOUS THAN I HAVE EVER SEEN HIM ON ANY PREVIOUS OCCASION, SAID HE WAS CONCERNED ABOUT STATUS OF US-BRAZILIAN RELATIONS AND WAS ANXIOUS TO DO WHATEVER HE COULD TO IMPROVE THEM. HE ASKED ABOUT US REACTION TO BRAZILIAN REJECTION OF SECURITY ASSISTANCE FOR FY '78. I GAVE HIM A COPY OF EMBASSY'S PRESS STATEMENT IN PORTUGUESE, ENGLISH TEXT OF WHICH IS IN BRASILIA'S 1739. I ALSO MADE POINTS CONTAINED IN BRASILIA'S 1773. IN ADDITION I GAVE HIM FOR BACKGROUND U.S. DEPUTY PERMREP ROBERT  
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WHITE'S STATEMENT ON OAS HUMAN RIGHTS COMMISSION REPORT CONTAINED USIS WIRELESS FILE ITEM ARF-117 OF MARCH 4, POINTING OUT THE US INTERNATIONAL LAW POSITION. FINALLY, I GAVE THE GOVERNOR FOR HIS BACKGROUND READING THE TEXT OF DEPUTY SECRETARY CHRISTOPHER'S STATEMENT BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE CONTAINED IN USIS WIRELESS FILE ITEM ARF-19 OF MARCH 7. GOVERNOR DID NOT SEEK TO REPEAT ANY OF THE ALLEGATIONS ABOUT RACIAL

AND RELIGIOUS DISCRIMINATION AND PERSECUTION IN THE US WHICH HE HAD MADE TO THE PRESS MARCH 8, AND HE SEEMED TO ACCEPT THE CONCEPT THAT PREOCCUPATION WITH HUMAN RIGHTS VIOLATIONS TRANSCENDED NATIONAL FRONTIERS. HE ACKNOWLEDGED THAT BRAZIL HAD VOTED FOR A UN RESOLUTION CONDEMNING ZIONISM AS RACISM AND HAD MADE STATEMENTS ABOUT RACIAL POLICIES IN SOUTH AFRICA. GOVERNOR WAS MAINLY PREOCCUPIED THAT US GOVERNMENT RECOGNIZE THE IMPROVEMENT IN HUMAN RIGHTS SITUATION IN BRAZIL AND MITIGATION OF EXCESSES IN GEISEL ADMINISTRATION COMPARED TO THE PREVIOUS MEDICI ADMINISTRATION. HE STRESSED THAT REMOVAL OF SECOND ARMY COMMANDER GENERAL EDNARDO D'AVILA WAS EXTRAORDINARILY DIFFICULT AND COURAGEOUS ACTION ON THE PRESIDENT'S PART. EDNARDO AND SOME MAJOR DURING WORLD WAR II WERE THE ONLY TWO BRAZILIAN ARMY OFFICERS EVER SUMMARILY REMOVED FROM THEIR COMMANDS SINCE THE EMPIRE. CERTAINLY, THE REMOVAL OF AN ARMY COMMANDER WAS AN OUTSTANDING DEMONSTRATION OF PRESIDENT GEISEL'S INTEREST IN CORRECTING ABUSES IN THE HUMAN RIGHTS FIELD. THE GOVERNOR ALSO INDICATED THAT TORTURE HAD CEASED AT THE SECOND ARMY UNDER GEN. DILERMANDO'S COMMAND, ALTHOUGH HE NOTED THAT THERE HAD BEEN THE SHOOT OUT WITH THE MAOIST WING OF THE COMMUNIST PARTY, THE PC DO B, IN DECEMBER WHICH RESULTED IN THREE DEATHS. HE JUSTIFIED THIS AS SELF-DEFENSE BY THE COMPETENT POLICE FORCES. (I DID NOT COMMENT ON THIS VERSION OF THE PC DO B INCIDENT.) IN CONCLUSION, THE GOVERNOR HOPED THAT REPORT TO CONGRESS ON HUMAN RIGHTS SITUATION IN BRAZIL WOULD REFLECT IMPROVED SITUATION DURING THE GEISEL ADMINISTRATION. COMMENT: I REPLIED THAT I HAD NOT SEEN THE TEXT OF THE REPORT AND THEREFORE COULD NOT COMMENT ASIDE FROM MY PREVIOUS STATEMENT PURSUANT TO EMBASSY GUIDELINES THAT THE REPORT WAS "FACTUAL AND OBJECTIVE."

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3. I ASKED THE GOVERNOR WHETHER HE COULD PROVIDE ME WITH ANY INFORMA-  
TION CONCERNING THE NATURE OF HIS DISCUSSIONS DURING HIS RECENT VISIT TO BRASILIA WHERE, ACCORDING TO PRESS REPORTS, HE HAD MET ON SEVERAL OCCASIONS WITH THE PRESIDENT AND OTHER HIGH OFFICIALS. THE GOVERNOR REPLIED THAT INCREDIBLE AS IT MIGHT APPEAR, THE MAJOR FOCUS OF HIS DISCUSSIONS WITH THE PRESIDENT HAD BEEN THE PRESIDENT'S PREOCCUPATION WITH THE DETERIORATION OF BI-LATERAL RELATIONS BETWEEN BRAZIL AND THE US, NOT THE FINANCIAL AFFAIRS OF SAO PAULO STATE AS THE PRESS REPORTED. THE PRESIDENT'S CHIEF CONCERN, NATURALLY, WAS THE US POSITION ON NUCLEAR PROLIFERATION IN GENERAL AND THE GERMAN-BRAZILIAN NUCLEAR AGREEMENT IN PARTICULAR. THE GOVERNOR SAID HE WAS NOT ACTING AS A MOUTHPIECE FOR THE BRAZILIAN GOVERNMENT NOR DID HE HAVE ANY SPECIFIC CHARGE TO DISCUSS THIS MATTER. NEVERTHELESS, HE WAS ACTING AS A FRIEND OF THE US AND ONE WHO IS EQUALLY CONCERNED THAT THE LONG TRADITION OF GOOD RELATIONS BETWEEN THE US AND BRAZIL BE PRESERVED AND IMPROVED. HE HAD KNOW ME FOR A LONG TIME AND WAS SPEAKING TO ME IN CONFIDENCE

BECAUSE OF HIS CONCERN. HE SAID HE WAS NO EXPERT IN THE MATTER AND THAT THE ISSUE WAS OBVIOUSLY EXTREMELY COMPLEX. THE PRESIDENT WAS, HOWEVER, DETERMINED TO MAINTAIN THE BRAZILIAN-GERMAN AGREEMENT IN FORCE. IF THERE SHOULD BE ANY RETREAT FROM THE AGREEMENT ON THE PART OF THE GERMAN GOVERNMENT, THE PRESIDENT WAS DETERMINED TO GO FORWARD WITH A FULL NUCLEAR CYCLE WITH, IF NECESSARY, BRAZIL GOING IT ALONE. THE GOVERNOR HOPED THAT SOME SOLUTION MUTUALLY ACCEPTABLE TO BRAZIL, GERMANY AND THE US COULD BE FOUND EVEN THOUGH THE NEGOTIATIONS MIGHT TAKE A LONG TIME. THE IMPORTANT THING WAS THAT THE BASIC CLOSE RELATIONSHIP BETWEEN BRAZIL AND THE US SHOULD NOT BE IMPAIRED. I REPLIED THAT AS I HAD PREVIOUSLY TOLD THE GOVERNOR IN OUR LAST MEETING (SEE REFTEL) THE ENTIRE NUCLEAR PROLIFERATION ISSUE WAS ONE FOR THE EMBASSY, AND THAT I HAD NO COMMENT TO MAKE. I DID CONVEY THE IMPRESSION THAT I WOULD PASS THE GOVERNOR'S VIEWS TO MY GOVERNMENT.

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EB-08 COME-00 DHA-02 IO-13 ACDA-07 OES-06 EUR-12

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FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC PRIORITY 7557

INFO AMEMBASSY BRASILIA PRIORITY

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4. IN RESPONSE TO A DIRECT QUESTION, THE GOVERNOR SAID THAT THERE WERE NO OTHER BI-LATERAL ISSUES BETWEEN US AND BRAZIL WHICH WERE PREOCCUPING THE PRESIDENT. HE SAID THAT AT A LOWER LEVEL IN BRASILIA HE HAD DETECTED THERE A CONCERN THAT THE FEDERAL RESERVE SYSTEM MIGHT IMPOSE SOVEREIGN RISK LIMITATIONS ON US BANKS, THUS CURTAILING THE FLOW OF LOANS TO BRAZIL. SUCH A DEVELOPMENT, IN THE GOVERNOR'S VIEW, WOULD HAVE A SERIOUS ADVERSE IMPACT ON BRAZIL'S ECONOMIC SITUATION IN 1977, JUST AT THE TIME THAT BRAZIL'S COMMERCIAL DEFICIT WAS BEING VASTLY REDUCED AS A RESULT OF HIGH DOLLAR VOLUMES OF COFFEE AND SOYBEAN EXPORTS BECAUSE OF PREVAILING HIGH PRICES. THE GOVERNOR CONSIDERED THAT THE OTHER BI-LATERAL ISSUES BETWEEN BRAZIL AND THE US WERE ROUTINE GOVERNMENT-TO-

GOVERNMENT BUSINESS AND WERE SO REGARDED AT THE FEDERAL GOVERNMENT  
LEVEL IN BRASILIA.

5. THE GOVERNOR AND I THEN SPENT A CONSIDERABLE AMOUNT OF TIME  
TALKING ABOUT COFFEE AND SOYBEAN DEVELOPMENTS, AND I MENTIONED  
CONGRESSMAN RICHMOND'S FORTHCOMING VISIT TO BRAZIL AND TO STATE OF  
SAO PAULO. THE GOVERNOR EXPRESSED NO DESIRE TO RECEIVE THE  
CONGRESSMAN.  
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## Message Attributes

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